



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/2/2001

GAIN Report #IN1069

India

Oilseeds and Products

GOI Drops Duty On Palm

2001

Approved by:

Weyland Beeghly

U.S. Embassy, New Delhi

Prepared by:

V. Shunmugam

Report Highlights:

Reduced Duty and Lower Tariff Valuations For Imported Palm Add To Harvest Price Pressure On Indian Oilseeds.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Reduced Duty on Palm Pressures Local Oilseed Prices.

The Indian government has reduced the basic tariff on crude palm oil to 65 percent from 75 percent, effective October 30. Trade sources say that this is a follow up of the Indian Prime Minister's commitment to Indonesian and Malaysian leaders during visits to those countries earlier this year. The Indian Solvent Extractors Association has condemned the timing of the reduction, claiming that it will further weaken depressed markets for soybean and peanuts. Peanuts (\$261/ton), are already well below the GOI's minimum support (\$280/ton), while soybeans are hovering at the support (\$185/ton).

Note: Although minimum support prices (MSP) are announced for most crops, including all oilseeds, the GOI sometimes lacks the infrastructure to procure the crop at these prices.

Lower Tariff Valuations on Palm a Double Blow to Indian Oilseeds Sector

Although the GOI established tariff values for palm products on Aug 28, 2001 at a sufficiently high level to check large scale under-invoicing, tariff values were adjusted lower on Oct 9 to reflect world market trends just as the kharif (fall-harvested) crop was coming to market. The additional price pressure on kharif oilseeds could adversely affect winter oilseeds plantings. The old and newly-announced tariff values for palm products are given below:

Tariff Values	August 28 (\$/mt)	October 9 (\$/mt)
Crude Palm Oil	337	286
Crude Palmolein	357	298
RBD Palm Oil	351	295
RBD Palmolein	372	307
Soybeans Domestic Price	203	192
Peanuts Domestic Price	365	334

(Current Domestic Prices of Soybeans and Peanuts are \$185 and \$261 per ton, respectively.)